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SUBJECT: Hesse Election Damages CDU's Koch; Breakthrough for the Left

REF: Frankfurt 0124; Berlin 0022; Frankfurt 0236

Sensitive but unclassified; not for internet distribution.

¶1. SUMMARY: The Hesse state election ended in a serious blow to the ruling CDU and Minister President Roland Koch, whose political career is now badly damaged after his divisive election strategy backfired. The election resulted in a virtual tie between the CDU and the SPD, with both sides, however, lacking the numbers to form a government with their most likely allies -- the FDP for the CDU and the Greens for the SPD. Further complicating the situation, the Left Party, which the SPD has until now dismissed as a coalition partner, will enter the state parliament after clearing the five percent hurdle. Following a bitter campaign, the process of forming a new government will not be easy and may take weeks, possibly pulling in national politicians who see Hesse as a critical battleground in the lead-up to the 2009 federal election. END SUMMARY.

CDU WINS TALLY BUT LOSES GROUND

¶2. In the January 27 Hesse state election, the Christian Democratic Union (CDU) narrowly won the most votes with 36.8% (down 12% from the 2003 election), followed by the Social Democratic Party (SPD) with 36.7 (up 7.6%), the Free Democratic Party (FDP) with 9.4 (up 1.5%), the Greens with 7.5 (down 2.6%) and the newly-formed Left Party with 5.1%. The outcome for the CDU was its worst in Hesse since 1960 and a resounding rejection of Minister President Roland Koch's strident campaign against juvenile crime, and particularly against offenders with immigrant backgrounds. Voter participation was 64.3%, 0.3% lower than 2003.

¶3. Although 3,595 votes behind the CDU in the final tally, the SPD came from behind in the polls to pull off what lead candidate Andrea Ypsilanti called "a mandate from the voters to rule." According to Guenter Hohmann, head of the Hesse Statistics Office, voter turnout was high in urban areas, which traditionally vote left, and lower in rural areas. The SPD's success appears to have been due more to voter rejection of Koch's campaign strategy than its own ability to attract votes, as evidenced by the SPD's poor showing in Lower Saxony's same-day election (septel). The breakthrough into the state parliament is a major success for the new Left Party, but severely complicates the formation of a government, since no other party has declared a willingness to join a coalition with it.

NO CLEAR WAY FORWARD; KOCH IN DANGER

¶4. The election results make it impossible to form a two-party coalition, with the exception of a CDU-SPD "grand coalition." Although the CDU is (barely) the overall vote winner, it is hard to see how Roland Koch can stay on as Minister President after a disastrous campaign in which he burned bridges with opposition

parties in an all-out gamble to win. A CDU-SPD government would probably only be possible if Koch leaves, either for a federal post or the private sector. The left-leaning politics of Andrea Ypsilanti, who has no intention of stepping aside after her success, further complicates the situation.

¶5. The parties have until April 5 to form a viable government, during which time the current CDU government will stay in power. Unlike at the federal level, there is no formal mechanism for forming a state government and the process is left up to open negotiations between the parties. National SPD Party Chairman Kurt Beck has already called on the FDP to form an SPD-Green-FDP "Ampel" ("traffic light") coalition, an offer which the FDP turned down at the national level in 2005. Beck argued that the FDP has an obligation to the voters to help form a government, but FDP leader Joerg Uwe Hahn repeated last night that he would not consider this option. The SPD and the Greens have also expressed extreme reluctance to work with the Left Party, but the possibility exists that an SPD-Green government could be formed with the support - but not the participation - of the Left Party. This would have seismic national implications, since the SPD has refused to cooperate with the Left Party at the federal level.

¶6. COMMENT: The results are already seen as a defeat for the CDU at the national level, although also as an affirmation of Chancellor Merkel's centrist course over Koch's conservatism. Whatever government emerges in Hesse, it has the potential to set a precedent that could be replicated in other states and on the national stage in 2009 if simple two-party coalitions continue to fail. The stakes are high, and national politicians are likely to play an active role as crucial decisions are made. END COMMENT.

¶7. This cable was coordinated with Embassy Berlin.
POWELL